

The complaint

Mr H complains about U K Insurance Limited's handling of his car insurance claims.

What happened

Mr H took out car insurance with UKI. There are three claims he made with UKI, which are the subject of this complaint.

Claim 1 was for an incident that occurred around July 2022. Claim 2 was for an incident that occurred around May 2023 and claim 3 was for an incident that occurred around September 2023.

Mr H complained about UKI's handling of his claims. He was unhappy with UKI's delay in progressing the claims, impacting on the cost of his renewals. He was also unhappy he had to contact UKI, in order for UKI to recalculate any affected premiums.

UKI issued a complaint response in July 2024. It accepted it caused avoidable delays on claims 1 and 3, carried out incorrect actions on them and hadn't updated Mr H properly. It confirmed claim 1 was closed, and asked Mr H to confirm his willingness to attend court on claim 3, so it could progress that claim and consider litigation against the third-party. UKI apologised for the delays and poor service and paid Mr H £500 compensation.

Mr H referred his complaint to the Financial Ombudsman Service. He said he shouldn't have to contact UKI to have his premiums recalculated, and his renewal quote was based on incorrect information. He said UKI's actions caused him stress, distress and anxiety.

The Investigator upheld Mr H's complaint. They said UKI could have closed claims 1 and 2 earlier, but liability on claim 3 was being disputed so the delay in closing this claim was not due to UKI's actions alone. They recommended UKI mark claim 1 as closed in April 2023 and claim 2 closed as non-fault, on the day before Mr H's 2024 renewal. They asked UKI to refund Mr H's excess under claim 2, recalculate his 2023 and 2024 premiums, using the updated claims information and refund any extra premiums he paid, with interest. The Investigator said UKI wasn't required to automatically adjust Mr H's premiums when it recovered its outlay on claims and when claims were closed. Finally, they recommended UKI pay Mr H a further £150 compensation.

UKI accepted the Investigator's recommendation. Mr H disagreed with having to contact UKI to recalculate his premiums.

Mr H also wanted our service to investigate his complaint about UKI's liability decision under claim 1. UKI issued its final response on that complaint in September 2022, and in July 2023, under a different reference, our service told Mr H that complaint was outside our jurisdiction. We've since explained to Mr H that we won't be reconsidering the complaint about liability on claim 1 under this decision. I also won't be considering any complaint UKI has answered prior to its complaint response of July 2024. I've outlined above the circumstances and complaint I will be considering.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr H is unhappy he has to contact UKI when there is a change to the status of his claims, in order for UKI to recalculate any affected policy premium. He feels UKI ought to do this automatically each time. But, because the rules don't require UKI to do this, I don't think UKI has acted unfairly. And I won't direct UKI to do anything differently.

But, having reviewed the evidence, I'm satisfied that UKI has caused considerable delays on Mr H's claims.

Claim 1

The incident occurred around July 2022. In its notes, UKI accepted it caused a delay of nine months, after it had accepted liability and paid the third-party insurer in 2023. It also accepted there was very intermittent progress with large periods of inactivity and Mr H was not provided regular updates. UKI closed the claim in July 2024, but I think in the circumstances, and because of the considerable delays, the claim should be marked as closed from the date UKI paid the third-party insurer in 2023.

Although the claim would always have been recorded as a fault claim, I think UKI's actions delayed the time it took to mark this claim as closed. I think this, along with the lack of updates, would have caused Mr H distress and inconvenience.

Claim 2

The incident occurred around May 2023 and UKI recovered its outlay from the third-party insurer around November 2023 (after Mr H's renewal in 2023). Despite this, in its notes, it accepts there was a delay of seven months that prevented the claim from being closed, that it hadn't pursued recovery of outstanding costs (including Mr H's excess) and that Mr H wasn't kept up to date. I think UKI's actions delayed the time it would have taken to mark this claim closed as non-fault and recover Mr H's excess. And I think the delay, along with the lack of updates would have caused Mr H distress and inconvenience.

In the circumstances, I agree with the Investigator that UKI should mark this claim as closed at a date prior to Mr H's renewal in 2024. And because UKI's actions likely delayed recovery of Mr H's excess, I agree that UKI should refund this to Mr H, with interest.

Claim 3

The incident occurred in September 2023. I can see the third-party disputed liability on this claim, and in these circumstances, a claim can take a considerable amount of time to resolve. But despite this, I can see UKI accepts there was very intermittent progress with large periods of inactivity and Mr H wasn't provided regular updates. So I think UKI was responsible for delays and poor service on this claim, which would have caused Mr H some distress and inconvenience. But I can't say it's likely that if there hadn't been delays on UKI's part, the claim would've been closed prior to the renewal in 2024, or closed as non-fault.

On claim 3, UKI asked Mr H to confirm his willingness to attend court so it can progress that claim further, including consideration of litigation against the third-party. I think this is fair and I will leave it between UKI and Mr H to discuss this further.

Overall

Taking into account UKI's failings under all the above claims, I think its actions would've caused Mr H considerable distress, upset and worry, along with significant inconvenience, needing effort on his part to sort out. Our Investigator recommended UKI pay a further £150 compensation on top of the £500 it had already paid Mr H. UKI agreed to pay this, and I think this is fair in the circumstances.

UKI's actions have also likely impacted the claims information recorded on Mr H's renewals in 2023 and 2024. This may also have impacted on the premiums Mr H paid. So I think it's fair that UKI recalculates Mr H's respective premiums for both years, using the amended claims information, as outlined above. And because Mr H would have been unfairly without any additional amounts he had to pay for his premiums, I think UKI should add interest.

My final decision

My final decision is that I uphold this complaint. Subject to my comments above, I require U K Insurance Limited to:

- Amend its records to reflect claim 1 as closed on the date it made the payment to the third-party insurer, and claim 2 as closed as non-fault, at a date prior to Mr H's renewal in 2024.
- Update any external databases as above.
- Recalculate Mr H's premiums from 2023 and 2024, using the above amended claim information. For any amounts due to Mr H following this, it should add interest to these amounts at a rate of 8% simple per year, from the date Mr H paid them, to the date it completes payment.*
- Reimburse Mr H's excess for claim 2. It should add interest to this amount at a rate of 8% simple per year, from November 2023, to the date it completes payment.*
- Pay Mr H a further £150 compensation.

* If UKI considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 February 2025.

Monjur Alam
Ombudsman